

ANGLO UNITED  
*Development Corporation*  
LIMITED

29th ANNUAL REPORT



1978

# ANGLO UNITED

## *Development Corporation*

LIMITED

### Board of Directors

John C. Evans,  
Toronto, Canada  
*Investment Dealer*

Matthew Gilroy,  
Dublin, Ireland  
*Vice President, Tara Exploration and  
Development Company Limited*

L. Jules Gregoire,  
Hull, Canada  
*Civil Engineer*

A. Garfield Heyes,  
Toronto, Canada  
*Vice President, Northgate Exploration Limited*

Patrick J. Hughes,  
Dublin, Ireland  
*Chairman, Northgate Exploration Limited*

Alan R. B. Lowe,  
Toronto, Canada  
*President, Anglo United Development  
Corporation Limited*

Peter McAleer,  
Dublin, Ireland  
*Vice President, Northgate Exploration  
Limited and Barrister at Law*

James H. Morlock,  
Toronto, Canada  
*Barrister and Solicitor*

George T. Smith,  
Toronto, Canada  
*President and Chief Executive Officer  
Northgate Exploration Limited,  
Barrister and Solicitor*

### Officers

Alan R. B. Lowe,  
*President*

A. Garfield Heyes,  
*Executive Vice President*

John C. Evans,  
*Vice President*

Matthew Gilroy,  
*Vice President*

James H. Morlock,  
*Secretary*

### Technical Staff

David G. Wilbur, B.Sc., *Exploration Manager and  
Chief Geologist*

Peter K. Dendle, B.Sc., M.Sc., *Project Geologist, Donegal  
Clive Norris, B.Sc., Geologist*

Declan A. Sheeran, B.A., *Geologist*

Timothy C. Cranley, *Field Manager*

### Shareholders' Auditors

Coopers & Lybrand  
*Chartered Accountants, Toronto, Canada*

### Bankers

Bank of Nova Scotia, *King and Victoria Sts. Branch,  
Toronto, Canada*

Bank of Nova Scotia, *St. Stephens Green,  
Dublin, Ireland*

### Transfer Agent and Registrar

Canada Permanent Trust Company, *Toronto, Canada*

### Executive and Head Office

Suite 2602, Royal Trust Tower,  
P.O. Box 27, Toronto-Dominion Centre,  
Toronto, Canada M5K 1A1  
Telephone: (Area Code 416) 362-2781, Telex 06-217766  
Cable Address "Angunit", *Toronto, Canada*

### Dublin Office

162 Clontarf Road, Dublin 3, Ireland  
Telephone (Area 01) 336690



### Annual Meeting of Shareholders

Tuesday, May 15, 1979, 9:00 a.m. *Toronto Time*  
Salon 'A', Lord Simcoe Hotel,  
150 King Street West, *Toronto, Canada*

**ANGLO UNITED  
DEVELOPMENT CORPORATION  
LIMITED**

and its wholly-owned subsidiaries

**UNAUDITED CONSOLIDATED STATEMENT  
OF CHANGES IN FINANCIAL POSITION**

**For the Six Months Ended April 30, 1978**

	1978 \$	1977 \$
<b>Funds Provided</b>		
Oil lease rentals (net) .....	5,200	4,366
Interest and other income .....	12,995	11,806
	<u>18,195</u>	<u>16,172</u>
<b>Funds Applied</b>		
Fixed asset additions .....	771	9,304
Interest in exploration ventures .....	37,155	51,744
Deferred exploration expenses .....	35,042	14,639
Administration expenses .....	40,184	31,109
	<u>113,152</u>	<u>106,796</u>
<b>Decrease in Working Capital .....</b>	<u>94,957</u>	<u>90,624</u>
<b>Working Capital — Beginning of Period .....</b>	291,400	374,890
<b>Decrease in Working Capital .....</b>	<u>94,957</u>	<u>90,624</u>
<b>Working Capital — End of Period .....</b>	<u>196,443</u>	<u>284,266</u>

The above statement is subject to year-end audit and adjustments.

**AR48**

**ANGLO UNITED**  
*Development Corporation*  
LIMITED



**SEMI ANNUAL REPORT**  
for the Six Months ended April 30, 1978



**ANGLO UNITED  
DEVELOPMENT CORPORATION  
LIMITED**

SUITE 2602, ROYAL TRUST TOWER  
P.O. BOX 27, TORONTO-DOMINION CENTRE  
TORONTO, ONTARIO M5K 1A1

To the Shareholders:

The Directors present the unaudited consolidated financial statement of the Company for the six months ended 30th April, 1978.

During the period under review, expenditures totalling \$37,155 were incurred in exploration on the group of 14 prospecting licences in the Republic of Ireland within the joint venture agreement between your Company's wholly owned Irish subsidiary, Munster Base Metals Limited, Penarroya and Preussag. Other exploration expenditures during the period, principally on wholly owned prospecting licences of Munster Base Metals, amounted to \$35,042.

The main thrust of the Company's current exploration activities is in connection with the group of four prospecting licences covering a combined area of 72 square miles in County Donegal, recently issued to Munster Base Metals Limited.

As previously announced, an instrumentation reconnaissance survey for radioactive minerals carried out during March, 1978 detected a zone of significant radiometric readings, extending over a length in excess of 15,000 feet and widths of up to 60 feet.

Subsequent preliminary field work, initially reconnaissance geological mapping, radiometric surveying and prospecting, traced the zone of radioactive readings over a greater length. Chemical analyses of grab samples from this zone indicated that uranium is the main source of the radioactivity. It is noted that while bedrock exposure is reasonably good over limited areas, the ground is generally overburdened by variable thickness of drift and peat cover. The latter water-laden material tends to mask the radioactivity from underlying bedrock.

Initial indications from follow-up detailed geological mapping and scintillometer-spectrometer surveys have substantiated the original indications and the radioactive zone has now been traced intermittently over a length in excess of six miles.

Work is currently proceeding on a comprehensive shallow trenching and bedrock channel sampling across the zone of anomalous radiometric readings in the centre of the area. Analyses of these samples should enable a better understanding of the distribution, source and nature of the anomaly for continuing exploration.

In view of the large area involved, it is anticipated that a considerable amount of time will be required to thoroughly evaluate the economic significance of the radioactive zones located to date.

The diamond drilling program previously scheduled for April on the Company's gold-antimony prospect in Clontibret was deferred due to the activity in Donegal. Exploration, including diamond drilling, is currently in progress on the group of licences in Connemara which is the subject of a joint venture agreement with Central Mining Finance Limited. This group of licences is being investigated for scheelite (tungsten) occurrences.

Working capital at 30th April, 1978 amounted to \$196,443, a decrease of \$94,957 during the six month period.

On behalf of the Board of Directors,

**"ALAN R. B. LOWE"**  
President

28th June, 1978

# Anglo United Development Corporation Limited

Suite 2602, Royal Trust Tower,  
Toronto-Dominion Centre, Toronto, Canada.

## NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and General Meeting of Shareholders of ANGLO UNITED DEVELOPMENT CORPORATION LIMITED (the "Company") will be held in the Manitoba Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Monday, the 8th day of May, 1978, at the hour of 9:00 o'clock in the forenoon (Toronto time), for the following purposes:

- (a) to receive the report of the directors and the consolidated financial statements of the Company and its consolidated subsidiaries for the year ended October 31, 1977, together with the report of the auditors thereon;
- (b) to elect three (3) directors;
- (c) to appoint auditors;
- (d) \*to consider and, if deemed advisable, to confirm, with or without variation, as a special resolution, a resolution passed by the directors on the 4th day of April, 1978, authorizing an amendment to its articles of incorporation increasing its authorized capital from eight million (8,000,000) common shares without par value to ten million (10,000,000) common shares without par value; and
- (e) to transact such further and other business as may properly come before the meeting or any adjournment thereof.

DATED at Toronto, Ontario, this 5th day of April, 1978.

By Order of the Board,

A. R. B. LOWE,  
President.

Shareholders are entitled to vote at the meeting in person or by proxy. If it is not your intention to be present at the meeting, please exercise your right to vote by promptly signing, dating and returning the proxy in the envelope provided for that purpose.

\* The full text of the resolution is set forth in the Information Circular. The resolution will not become effective unless confirmed, with or without variation, by at least two-thirds ( $\frac{2}{3}$ rd) of the votes cast by shareholders present in person or represented by proxy at the meeting or any adjournment where the resolution is voted on.



# Anglo United Development Corporation Limited

## INFORMATION CIRCULAR

### MANAGEMENT SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of ANGLO UNITED DEVELOPMENT CORPORATION LIMITED (the "Company") for use at the Annual and General Meeting of Shareholders of the Company to be held on May 8, 1978, at 9:00 o'clock in the forenoon (Toronto time) in the Manitoba Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, for the purposes set out in the accompanying notice of meeting. In addition to the use of the mails, proxies may be solicited by officers, directors and regular employees of the Company. The cost of such solicitation will be borne by the Company.

The persons named in the enclosed form of proxy, who are directors of the Company, will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, such shares will be voted in favour of the items set forth in the accompanying proxy and as described under the headings in this circular. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. A shareholder desiring to appoint some other person to represent him at the meeting may do so either by inserting the name of such person in the blank space provided in the form of proxy or by completing another proxy in form similar to the enclosed and, in either case, sending it to the Company.

### RIGHT OF REVOCATION

A shareholder executing the enclosed form of proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited at the head office of the Company at any time prior to the close of business on the business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used and upon either of such deposits the proxy is revoked.

### INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or senior officer of the Company and no person who is a proposed nominee for election as a director of the Company or any associate of any such director, senior officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

At the date hereof 7,013,500 common shares without par value of the Company were issued and outstanding as fully paid and non-assessable. Holders of outstanding shares of record at the time of the Annual and General Meeting of Shareholders will be entitled to one vote per share at such meeting.

To the knowledge of the directors and senior officers of the Company, at the date hereof, the only person who beneficially owned, directly or indirectly, shares of the Company which carry more than 10% of the voting rights attaching to all equity shares of the Company is as follows:

<u>Owner</u>	<u>Number of Shares</u>	<u>Approximate Percentage of Total Shares Outstanding</u>
Northgate Exploration Limited	1,689,500	24.08%

## ELECTION OF DIRECTORS

The following information relates to the election of directors of the Company and to the persons proposed to be nominated for election as directors.

The Board consists of nine directors. Three directors are elected each year to hold office for a term of three years from the date of their election or until the third annual meeting of shareholders after their election. The three directors who will retire at the forthcoming meeting are Messrs. J. C. Evans, L. Jules Gregoire and A. G. Heyes. It is intended to vote the proxies hereby solicited for re-election as directors of the Company, the above-named persons who it is proposed will be nominated for re-election as directors of the Company. In the event that a vacancy occurs in the list of the three proposed nominees, it is intended that the discretionary authority given in the proxies hereby solicited will be exercised to vote such proxies for the election of another person as director.

The following information is given concerning each person proposed to be nominated for election as a director as well as those persons whose term of office as a director will continue after the forthcoming meeting of shareholders.

<u>Name and office held</u>	<u>Date of last election or appointment (1)</u>	<u>Present principal occupation of employment</u>	<u>Periods of service as a director of the Company to the date hereof</u>	<u>Approximate number of the shares of the Company beneficially owned, directly or indirectly (3)</u>
John C. Evans	April 24, 1975	Investment Dealer	March 2, 1967	501 (2)
Matthew Gilroy, Vice-President	April 29, 1977	Vice-President, Northgate Exploration Limited	January 26, 1965	6
L. Jules Gregoire, Vice-President	April 24, 1975	Civil Engineer	December 19, 1962	501 (2)
A. Garfield Heyes	April 24, 1975	Vice-President of Corporate Relations, Northgate Exploration Limited	December 13, 1972	nil (2)
Patrick J. Hughes	March 29, 1976	President, Northgate Exploration Limited	December 9, 1957	26
Alan R. B. Lowe, President	March 29, 1976	President, Anglo United Development Corporation Limited	December 9, 1957	11
Peter McAleer	April 29, 1977	Vice-President, Northgate Exploration Limited and Barrister at Law	December 1, 1972	100
James H. Morlock	March 29, 1976	Barrister & Solicitor	February 26, 1971	1
George T. Smith	April 29, 1977	President, Camflo Mines Limited	December 1, 1972	1

(1) The retirement date of each director is the earlier of three years after the date of such director's election or the third annual meeting of the shareholders following such director's election.

(2) Directors whose terms of office expire at the forthcoming shareholders' meeting and are proposed nominees for re-election as directors.



- (3) The information as to shares owned, not being within the knowledge of the Company, has been furnished by each director as at March 31, 1978.

### **REMUNERATION OF MANAGEMENT AND OTHERS**

During the financial year of the Company ended October 31, 1977, the aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers was \$67,637. The estimated aggregate cost to the Company and its subsidiaries in the last completed financial year of all pension benefits paid and proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company and its subsidiaries to directors and senior officers was nil.

### **APPOINTMENT OF AUDITORS**

The management of the Company proposes to nominate Coopers & Lybrand, the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders. It is intended that the shares represented by proxies solicited by and on behalf of the management of the Company will be voted in favour of the appointment of Coopers & Lybrand as auditors of the Company.

### **PARTICULARS OF OTHER MATTERS**

#### **Increase of Capital**

The issued and outstanding capital of the Company is 7,013,500 common shares without par value and the present authorized capital is 8,000,000 common shares without par value. In light of certain developments which are noted in the accompanying Annual Report the directors have considered it expedient to pass a resolution increasing the authorized capital from 8,000,000 common shares without par value to 10,000,000 common shares without par value. This resolution, the full text of which appears below, will not be effective unless confirmed, with or without variation, by at least two-thirds ( $\frac{2}{3}$ rds) of the votes cast by shareholders present in person or represented by proxy at the forthcoming meeting or any adjournment thereof. It is intended that the shares represented by proxies solicited by and on behalf of the management of the Company will be voted in favour of confirmation of this resolution.

#### **Resolution**

ON MOTION duly made, seconded and CARRIED, IT WAS RESOLVED that:

1. The Articles of the Corporation are amended by increasing the authorized capital of the Corporation by the creation of 2,000,000 additional common shares without par value, ranking on a parity with the existing 8,000,000 common shares without par value;
2. The authorized capital of the Corporation shall be 10,000,000 common shares without par value of which 7,013,500 shares will be issued and outstanding as fully paid and non-assessable; provided, however, that the aggregate consideration for the issue of the 10,000,000 common shares without par value shall not exceed in amount or value the sum of \$20,000,000 or such greater amount as the board of directors by resolution determines, but such resolution shall not be effective until a certified copy has been filed with the proper authorities, all prescribed fees paid and the proper authority has so certified; and
3. Any two (2) officers or a director and an officer of the Corporation be and they are hereby authorized and directed to do all things and execute all documents and instruments necessary or desirable to carry out the foregoing.

The Management of the Company knows of no other matters to come before the Annual and General Meeting of Shareholders.

DATED the 5th day of April, 1978.



## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 29th Annual Report of the Company. Included are the audited consolidated financial statements of the Company and its wholly owned subsidiaries for the fiscal year ended 31st October, 1978.

The following is a general review of the main properties and mineral interests held by your Company together with a summary of exploration activities during 1978 and the subsequent period to date.

Exploration in the period under review highlighted the extensive program being conducted for uranium on the group of four prospecting licences in County Donegal, Ireland, which were formally issued on 26th May, 1978. The Donegal licences cover an area of some 46,000 acres or approximately 72 square miles over the south-eastern half of the north-east trending Main Donegal Granite.

The Donegal licence group, as are all the prospecting licences and joint venture interests in Ireland, are held by the Company's wholly owned Irish subsidiary, Munster Base Metals Limited. Munster's exposure in Ireland involves a total of 62 prospecting licences which cover approximately one-half million acres in various geological environments.

Of the foregoing total, 16 licences are 100% owned and operated by Munster. Thirteen of these licences are located in two main areas; Donegal (four licences) and the northwest midlands (nine licences). The remaining 46 licences are the subject of various Joint Ventures, including the ongoing program with Societe Miniere et Metallurgique de Penarroya ("Penarroya") and Preussag Aktiengesellschaft Metall ("Preussag") involving 12 licences in Counties Wexford and Cork.

The latter joint venture is essentially a continuation of the project initiated originally in 1971 and amended by a superceding agreement in 1975 where Munster, which is the manager, has a one-third contributing interest.

There are also 31 licences in Connemara, County Galway which fall into other Joint Ventures.

### FINANCIAL

The decrease in working capital during the fiscal year ended 31st October, 1978 totalling \$333,021 reflects the higher level of exploration activity during the period, resulting in a working capital deficiency

at the year end of \$41,621 as compared with positive working capital at the previous or 1977 fiscal year end of \$291,400.

Subsequent to the balance sheet date, on 15th December, 1978, the Company received additional financing through the sale of 350,000 treasury shares to Northgate Exploration Limited at the price of \$2.95 per share or a total of \$1,032,500.

Exploration expenditures for the period, including contributions to the Munster-Penarroya-Preussag Joint Venture, totalled \$269,753 compared with \$126,025 for the previous fiscal year. Exploration expenditures for the current year have been budgeted at approximately \$600,000 on which at least \$400,000 has been allocated to the Donegal program which may be expanded as warranted by results.

### PROSPECTING LICENCES IN IRELAND

During the period under review, exploration work has been undertaken on most of the licence areas. Donegal, in particular, has been the subject of an intensive and systematic exploration program.

#### Donegal Uranium Project

The four contiguous prospecting licences in County Donegal cover an area 35 kilometers (22 miles) long by five to nine kilometers (three to six miles) wide over the southeastern half of the elongate northeast trending Main Donegal Granite. The area is sparsely populated and made up of low mountains extensively mantled by peat and glacial drift, access to most parts by existing road, however, is good.

Initially, regional vehicle-borne radiometric surveys gave indications of anomalously high radioactivity 3.5 kilometers (two miles) NNW of Fintown. Subsequently, the main part of the radioactive zone was roughly established by radiometric prospecting on foot. In this way, the anomaly was traced in the sparse outcrop over a strike length of at least nine kilometers (six miles) parallel to the foliation of the granite; the width varying up to 60 meters, but commonly averaging between 10 and 20 meters.

The higher scintillometer instrument count rates were usually found to be associated with coarse or pegmatitic alkali biotite granites. Analyses and mineralogical investigations of samples from these



areas showed that uranium in the form of uraninite was the principal source of radioactivity and that it could be found in significant amounts. Follow-up exploration has involved radiometric surveys, trenching, rock channel sampling, deep overburden and stream sediment geochemistry and geophysical surveys. A variety of techniques have been employed in orientation studies with variable degrees of success.

Effective evaluation of those areas of particular uranium enrichment along the major radiometric zone is hampered by the limited rock exposure as well as by the indicated leaching of the bedrock due to the acidic surface and ground water environment. Consequently, the most promising targets identified from channel sampling and/or deep overburden geochemical surveys, will be tested by diamond drilling, currently scheduled to commence during June of this year.

The appended map ("Exploration Summary") depicts the particular areas along the major radiometric zone where the bulk of the exploration work to date has been concentrated. The footnoted data with respect to each of the areas designated details either the work already carried out or scheduled for completion.

Although most exploration effort has been focussed on the main radiometric zone, there is no obvious geological reason why similar or associated zones should not occur anywhere in the granite. For this reason, the entire 186.5 square kilometers (72 square miles) of the licence block have been covered by reconnaissance stream sediment geochemistry, geological mapping and prospecting.

A number of encouraging stream sediment values, both uranium and other metals, have been obtained. These, together with certain radiometric anomalies and geologically favourable areas will be the subject of more detailed follow-up work in the ensuing period.

#### **Other Licence Areas**

In addition to the four licences in County Donegal, 10 other new licences have been granted to Munster during the year under review. The largest single block of nine licences in Counties Galway, Longford and Roscommon covers an area of favourable Lower Carboniferous Limestones, 40 miles west from the Navan zinc-lead mine. The other licence is in County Tipperary, 12 miles east of the former copper-silver producing mine at Gortdrum. Geochemistry and geological mapping is planned as the first stage of exploration in both these areas.

Two further licences make up the sixteen which are 100% owned and operated by Munster. These are

in County Monaghan (Clontibret) and in County Mayo. Clontibret, a former antimony prospect, is known to contain traces of gold in a quartz vein system. Further work, including diamond drilling, is planned for this antimony-gold prospect.

#### **Munster-Penarroya-Preussag J.V.**

Munster Base Metals Limited is the operator and has a one-third participation in the 12 licences remaining in this project.

Seven of the licences comprising this Joint Venture are located in County Wexford. Recent deep overburden geochemical sampling has outlined extensive zinc-lead anomalies probably reflecting the sub-outcrop of the two favourable dolomite horizons which in turn dip south towards the structural target of the Rosslare Fault. Previous diamond drilling by both Penarroya and your Company located erratic zinc and minor lead mineralization. The best intersection was obtained in hole W2 showing 6% zinc over a core length of 30 feet in the Upper Dolomite horizon, three kilometers ( $\frac{1}{2}$  mile) north of the fault. Extensive diamond drilling is planned during mid-year on this and other target areas on the Wexford block.

The remaining five licences are located near Mal-low, County Cork. During the year, 1,340 feet of diamond drilling was completed, 350 feet on a copper showing and 990 feet in two holes close to the Grange East lead-zinc prospect, approximately two miles north and three miles east of the Tullacondra copper-silver deposit, respectively. No significant mineralization was encountered in the core from either of these target areas.

At Tullacondra, where drilling carried out since 1973 consisting of 14,234 feet in a total of 38 holes has outlined some 4 million tons of approximately 0.7% copper and 0.8 oz/ton silver, deep drilling is contemplated to test favourable sites for mineralization further down dip. Detailed follow-up work on deep geochemical anomalies located on the two recently issued adjacent licences is planned.

#### **Connemara Joint Ventures**

Central Mining Finance, a subsidiary of Charter Consolidated Limited, has, through the expenditure of some \$300,000 on exploration, completed Stage 1 of the agreement and thereby acquired a 51% interest in the 18 licences currently remaining in this Joint Venture. Since July 1976, CMF has carried out an extensive exploration program for tungsten. During this period, a number of targets were defined by prospecting and geochemistry.



To date, four of these targets have been tested by diamond drilling totalling 1,436 feet in 13 holes. Only minor scheelite (tungsten) mineralization has been found and no further work is considered to be warranted on these areas. More recently, reconnaissance exploration for uranium, primarily by geochemistry, has given some encouragement and this, together with the remaining tungsten targets, will be more fully investigated in the second stage of the J. V. Agreement.

Currently, 13 licences have been relinquished from the CMF Joint Venture to revert to the joint responsibility of Munster Base Metals Limited and Irish Base Metals Limited (the Irish subsidiary of associated Northgate Exploration). The area covered by these licences includes the former molybdenum prospects of Mace and Murvey. Reconnaissance and limited follow-up exploration for uranium has given some encouragement further work will be conducted.

## CANADA

Your Company's principal holding in Canada is the Camp Lake gold property consisting of 20 claims in the Yellowknife area, Northwest Territories. These claims are held under a 21-year mining lease extending to 1992.

No exploration has been carried out on this property since the 1974 field season during which additional diamond drilling, together with geological mapping, prospecting and trenching was conducted. The results of this 1974 field program, correlated with previous exploration, provided a basis for a recalculation of the drill-indicated reserves for the No. 1 and No. 2 Zones and the 'B' and 'C' veins of the South Zone, which are estimated at 43,750 tons averaging 0.46 ounce of gold per ton. Single drill intersections in the 'D', 'E' and 'F' veins of the South Zone were not considered in calculating these reserves.

On the completion of the 1974 field program, a firm of consulting engineers was retained to carry out a feasibility study covering the most economical and flexible method of underground access to the more favourable zones. These studies concluded that the most appropriate design would involve a long decline (with branches) at a 15% grade for a total decline distance of approximately 3,900 feet. The underground access would simultaneously provide the opportunity of exploring, by lower-cost underground drilling, other target areas.

The estimated cost of the underground program, exclusive of underground diamond drilling, was

approximately \$1.2 million on the then prevailing pricing basis and other topographic conditions. An update of the feasibility study is currently being prepared taking into consideration current gold prices and now mineable mineralized zones. Preliminary findings from the current studies indicate potential economic viability. The concept now being considered involves a semi-portable milling plant to produce flotation concentrate with operations restricted to the summer season and underground mining preparations and exploration could be extended beyond the summer months.

## GENERAL

Recent financing arrangements, providing your Company with additional working capital in excess of \$1 million, will enable a high level of exploration during 1979, particularly in respect of the uranium program in County Donegal and the contemplated intensified work, including diamond drilling, on the Wexford and Mallow joint venture properties. Implementation of such recommended work at the Camp Lake gold property would be a separate financing consideration.

As noted in the Information Circular accompanying the Notice of the forthcoming Annual and General Meeting, shareholders will be asked to vote on a special resolution approved by the Board of Directors to increase the authorized capital from 8,000,000 common shares to 10,000,000 common shares. The purpose of this increase in the Company's authorized capital is to make provision for additional financing which may be required for its 1979 and ongoing exploration activities.

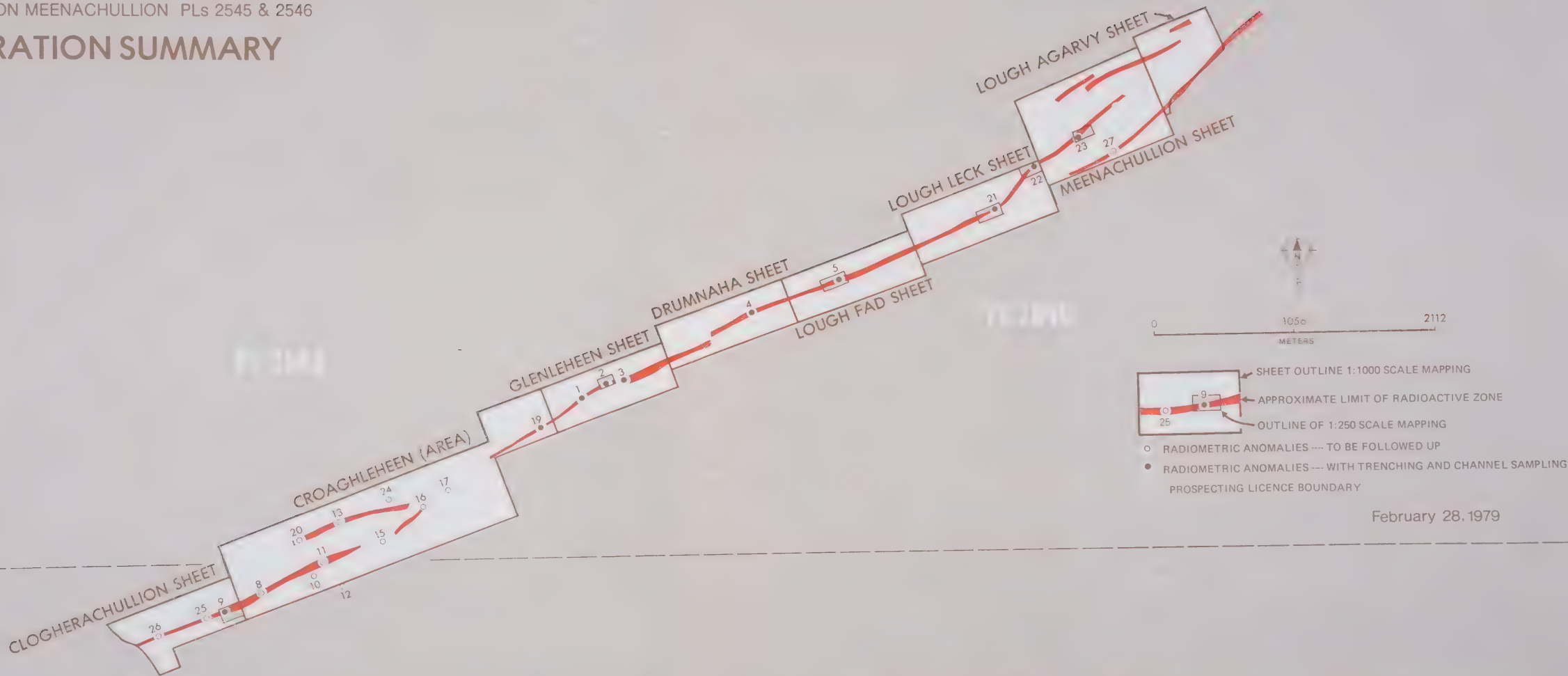
On behalf of the Board of Directors

"Alan R. B. Lowe"

President

30th March, 1979

EXPLORATION SUMMARY



February 28, 1979

CLOGHERACHULLION SHEET

- a GEOLOGY
- 1:1000 scale mapping
  - 1:250 " " of RA 9
- b GEOCHEMISTRY
- Deep cobra sampling Total 351 samples
  - Hand Auger " " 105 "
- c TRENCHING
- RA 9 total length 427.9m. 14 trenches
- d CHANNEL SAMPLING
- RA 9 206.8 metres. 92 samples
- e GEOPHYSICS
- Detailed radiometric prospecting
  - Magnetometer survey

CROAGHLEHEEN (AREA)

- a GEOLOGY
- 1:1000 scale mapping (in progress)
- b GEOCHEMISTRY
- Deep cobra sampling (in progress)
- c TRENCHING
- RA 19 total length 47.0m. 2 trenches
- d CHANNEL SAMPLING
- RA 19 7.7 metres. 7 samples
- e GEOPHYSICS
- Magnetometer survey (in progress)

GLENLEHEEN SHEET

- a GEOLOGY
- 1:1000 scale mapping
  - 1:250 " " of RA 2
- b GEOCHEMISTRY
- Deep cobra sampling Total 166 samples
  - Hand Auger " " 99 "
  - Orientation bog pH/Eh measurements
- c TRENCHING
- RA 1 total length 97.0 m. 4 trenches
  - RA 2 " 54.1 m. 5 "
  - RA 3 " 1.7 m. 1 trench
- d CHANNEL SAMPLING
- RA 1 23.6 metres. 7 samples
  - RA 2 44.4 " 117 "
  - RA 3 1.7 " 1 sample
- e GEOPHYSICS
- Detailed radiometric prospecting
  - Magnetometer survey
  - Orientation Radon in soil gas and water
  - Alpha cup survey --- 139 cups

DRUMNAHA SHEET

- a GEOLOGY
- 1:1000 scale mapping
- b GEOCHEMISTRY
- Deep cobra sampling Total 52 samples
  - Lake sediment sampling Total 5 "
- c TRENCHING
- RA 4 total length. 210.0m. 4 trenches
- d CHANNEL SAMPLING
- 
- e GEOPHYSICS
- Detailed radiometric prospecting
  - Alpha cup survey --- 34 cups

LOUGH FAD SHEET

- a GEOLOGY
- 1:1000 scale mapping
  - 1:250 " " of RA 5
- b GEOCHEMISTRY
- Deep Cobra sampling Total 68 samples
  - Lake sediment sampling Total 20 samples
- c TRENCHING
- RA 5 total length 256.9m. 9 trenches
- d CHANNEL SAMPLING
- RA 5 30.6 metres. 36 samples
- e GEOPHYSICS
- Detailed radiometric prospecting
  - Magnetometer survey
  - Alpha cup survey --- 68 cups

LOUGH LECK SHEET

- a GEOLOGY
- 1:1000 scale mapping (in progress)
  - 1:250 " " of RA 21
  - 1:250 " " of RA 22 (in progress)
- b GEOCHEMISTRY
- Deep cobra sampling (being draughted)
- c TRENCHING
- RA 21 total length 109.0m. 9 trenches
  - RA 22 " 87.5m. 6 "
- d CHANNEL SAMPLING
- RA 21 33.5 metres. 34 samples
  - RA 22 34.3 " 34 samples
- e GEOPHYSICS
- Magnetometer survey (being draughted)

MEENACHULLION SHEET

- a GEOLOGY
- 1:1000 scale mapping (being draughted)
  - 1:250 " " RA 23 (being draughted)
- b GEOCHEMISTRY
- Deep cobra sampling (being draughted)
- c TRENCHING
- RA 23 total length 202.7m. 16 trenches
- d CHANNEL SAMPLING
- RA 23 25.8 metres. 42 samples
- e GEOPHYSICS
- Magnetometer survey (being draughted)

LOUGH AGARVY SHEET

- a GEOLOGY
- 1:1000 scale mapping (being draughted)
- b GEOCHEMISTRY
- Deep cobra sampling (being draughted)
- c TRENCHING
- 
- d CHANNEL SAMPLING
- 
- e GEOPHYSICS
- Magnetometer survey (being draughted)



To date, four of these targets have been tested by diamond drilling totalling 1,436 feet in 13 holes. Only minor scheelite (tungsten) mineralization has been found and no further work is considered to be warranted on these areas. More recently, reconnaissance exploration for uranium, primarily by geochemistry, has given some encouragement and this, together with the remaining tungsten targets, will be more fully investigated in the second stage of the J. V. Agreement.

Currently, 13 licences have been relinquished from the CMF Joint Venture to revert to the joint responsibility of Munster Base Metals Limited and Irish Base Metals Limited (the Irish subsidiary of associated Northgate Exploration). The area covered by these licences includes the former molybdenum prospects of Mace and Murvey. Reconnaissance and limited follow-up exploration for uranium has given some encouragement further work will be conducted.

## CANADA

Your Company's principal holding in Canada is the Camp Lake gold property consisting of 20 claims in the Yellowknife area, Northwest Territories. These claims are held under a 21-year mining lease extending to 1992.

No exploration has been carried out on this property since the 1974 field season during which additional diamond drilling, together with geological mapping, prospecting and trenching was conducted. The results of this 1974 field program, correlated with previous exploration, provided a basis for a recalculation of the drill-indicated reserves for the No. 1 and No. 2 Zones and the 'B' and 'C' veins of the South Zone, which are estimated at 43,750 tons averaging 0.46 ounce of gold per ton. Single drill intersections in the 'D', 'E' and 'F' veins of the South Zone were not considered in calculating these reserves.

On the completion of the 1974 field program, a firm of consulting engineers was retained to carry out a feasibility study covering the most economical and flexible method of underground access to the more favourable zones. These studies concluded that the most appropriate design would involve a long decline (with branches) at a 15% grade for a total decline distance of approximately 3,900 feet. The underground access would simultaneously provide the opportunity of exploring, by lower-cost underground drilling, other target areas.

The estimated cost of the underground program, exclusive of underground diamond drilling, was

approximately \$1.2 million on the then prevailing pricing basis and other topographic conditions. An update of the feasibility study is currently being prepared taking into consideration current gold prices and now mineable mineralized zones. Preliminary findings from the current studies indicate potential economic viability. The concept now being considered involves a semi-portable milling plant to produce flotation concentrate with operations restricted to the summer season and underground mining preparations and exploration could be extended beyond the summer months.

## GENERAL

Recent financing arrangements, providing your Company with additional working capital in excess of \$1 million, will enable a high level of exploration during 1979, particularly in respect of the uranium program in County Donegal and the contemplated intensified work, including diamond drilling, on the Wexford and Mallow joint venture properties. Implementation of such recommended work at the Camp Lake gold property would be a separate financing consideration.

As noted in the Information Circular accompanying the Notice of the forthcoming Annual and General Meeting, shareholders will be asked to vote on a special resolution approved by the Board of Directors to increase the authorized capital from 8,000,000 common shares to 10,000,000 common shares. The purpose of this increase in the Company's authorized capital is to make provision for additional financing which may be required for its 1979 and ongoing exploration activities.

On behalf of the Board of Directors

"Alan R. B. Lowe"  
President

30th March, 1979

# ANGLO UNITED DEVELOPMENT CORPORATION

AND ITS WHOLLY-OWNED SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1978

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### ASSETS

#### CURRENT ASSETS

Cash .....	
Short-term deposits .....	
Accounts receivable .....	
Prepaid expenses .....	

#### INVESTMENTS — at cost (notes 2 and 4)

Shares of Northgate Explorations Limited (quoted market value 1978 — \$1,385,624; 1977 — \$1,046,915) .....	
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#### MINING AND OIL PROPERTIES (notes 1 and 3)

Oil leases .....	
Mining claims .....	
Interest in exploration ventures .....	
Deferred exploration expenses .....	

#### OTHER ASSETS

Exploration fixed assets — at cost, less accumulated depreciation .....	
Organization expenses .....	

### LIABILITIES

#### CURRENT LIABILITIES

Bank loan (note 4) .....	
Accounts payable and accrued charges .....	

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK

Authorized — 8,000,000 shares without par value	
Issued and fully paid — 7,013,500 shares .....	

DEFICIT .....	
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# ION LIMITED



1978	1977
\$	\$
36,099	58,041
105,891	247,206
3,817	3,066
6,149	480
<u>151,956</u>	<u>308,793</u>

<u>231,541</u>	<u>231,541</u>
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40,663	47,352
72,500	72,500
1,049,776	972,864
1,111,331	918,490
<u>2,274,270</u>	<u>2,011,206</u>

13,574	7,479
18,653	18,653
32,227	26,132
<u>2,689,994</u>	<u>2,577,672</u>

1978	1977
\$	\$
121,000	—
72,577	17,393
<u>193,577</u>	<u>17,393</u>

4,396,589	4,396,589
1,900,172	1,836,310
2,496,417	2,560,279
<u>2,689,994</u>	<u>2,577,672</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited as at October 31, 1978 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at October 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
December 1, 1978

*Coopers & Lybrand*  
Chartered Accountants

## SIGNED ON BEHALF OF THE BOARD

G. T. SMITH, Director

A. G. HEYES, Director

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED**  
**AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF LOSS AND DEFICIT**  
**For the Year Ended October 31, 1978**

	1978	1977
	\$	\$
INCOME		
Dividends .....	—	68,117
Oil production — net .....	6,689	12,698
Interest and other income .....	35,683	45,189
	<u>42,372</u>	<u>126,004</u>
EXPENSES		
Administration expenses .....	99,545	80,636
Amortization of oil leases .....	6,689	12,698
Exploration expenses .....	—	32,670
	<u>106,234</u>	<u>126,004</u>
NET LOSS FOR THE YEAR .....	63,862	—
DEFICIT — BEGINNING OF YEAR .....	1,836,310	1,836,310
DEFICIT — END OF YEAR .....	<u>1,900,172</u>	<u>1,836,310</u>

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**For the Year Ended October 31, 1978**

	1978	1977
	\$	\$
WORKING CAPITAL PROVIDED BY:		
Dividends .....	—	68,117
Interest and other income .....	35,683	45,189
Oil lease rentals .....	6,689	12,698
Write-off of head office furniture .....	—	4,646
	<u>42,372</u>	<u>130,650</u>
WORKING CAPITAL APPLIED TO:		
Exploration fixed asset additions — net .....	6,095	7,479
Interest in exploration ventures .....	76,912	95,042
Deferred exploration expenses .....	192,841	30,983
Administration expenses .....	99,545	80,636
	<u>375,393</u>	<u>214,140</u>
DECREASE IN WORKING CAPITAL .....	333,021	83,490
WORKING CAPITAL — BEGINNING OF YEAR .....	291,400	374,890
WORKING CAPITAL (DEFICIENCY) — END OF YEAR .....	<u>(41,621)</u>	<u>291,400</u>



# **ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended October 31, 1978**

### **1. ACCOUNTING POLICIES**

The accounting policies of the company and its subsidiaries are in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant for the company.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Anglo United Investments Limited and Munster Base Metals Limited.

(b) Translation of foreign currency

Monetary assets and monetary liabilities are converted to Canadian dollars at the year-end exchange rate. Other assets have been converted at the rate in effect at the time of the transaction.

(c) Amortization

Oil leases are being written off in amounts equal to net revenue received.

(d) Interest in exploration ventures

These expenses are deferred until such time as they are written off against production from the property to which they apply, or until the interest is abandoned.

(e) Deferred exploration expenses

These expenses are deferred until such time as they are written off against production from the property to which they apply or until all the claims within the area are sold or otherwise disposed of. Sufficient expenditures are charged to expenses in the year incurred to absorb the income.

### **2. INVESTMENTS**

Due to the number of shares held, the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

### **3. MINING AND OIL PROPERTIES**

(a) The amounts shown for mining and oil properties represent costs to date, less amounts written off, and are not intended to reflect present or future values.

(b) Oil leases consist of an interest in the Sarcee Buffalo Group and the Canex Buffalo Group in the Buffalo-Bindloss Area of Alberta.

(c) Mining claims consist of the Camp Lake property of 20 claims in the Snare River area, Northwest Territories.

(d) Interest in exploration ventures consists mainly of the expenditures on the Irish property covered by the Penarroya agreement of \$916,459 (1977 — \$886,376).

(e) Penarroya Agreement

As of November 1, 1975 Munster Base Metals Limited (a wholly-owned subsidiary), Societe Miniere et Metallurgique de Penarroya and Preussag — Metals A. G. entered into a joint venture agreement in respect of certain mining licences held in the Republic of Ireland. Under the agreement, which is to remain in force until such time as all licences have been abandoned or surrendered, Munster has an initial participating interest of one-third.

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED  
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended October 31, 1978**

**3. MINING AND OIL PROPERTIES (continued)**

(f) Deferred exploration expenses are summarized below:

	1978 \$	1977 \$
Balance — beginning of year .....	918,490	920,177
Expenditures during year .....	192,841	30,983
	<u>1,111,331</u>	<u>951,160</u>
Amounts written off .....	—	32,670
Balance — end of year .....	<u>1,111,331</u>	<u>918,490</u>

**4. BANK LOAN**

The company's shares of Northgate Exploration Limited have been pledged as collateral for the bank loan up to a maximum of \$500,000.

**5. INCOME TAXES**

- (a) The company has substantial amounts of deferred exploration expenses available for income tax purposes which may be applied against income of future periods.
- (b) One of the subsidiary companies has loss carry-forwards for income tax purposes of \$75,000 which expire in varying amounts up to 1983.

**6. SENIOR OFFICERS' REMUNERATION**

The aggregate direct remuneration paid to directors and senior officers (as defined by the Business Corporations Act, which includes the five highest paid employees) was \$94,455 (1977 — \$67,637).





